

Assembly Bill No. 1389

CHAPTER 489

An act relating to lands granted in trust to the City and County of San Francisco.

[Approved by Governor October 3, 2001. Filed with
Secretary of State October 4, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1389, Shelley. San Francisco waterfront: cruise ship terminal development.

Under existing law (the Burton Act), the state granted certain lands to the City and County of San Francisco in trust for purposes of commerce, navigation, and fisheries, and subject to specified terms and conditions relating to the operation of the Port of San Francisco. Existing law (the McAteer–Petris Act) establishes the San Francisco Bay Conservation and Development Commission and requires the commission to regulate fill and development within a specified area in San Francisco Bay.

This bill would declare specified areas along the San Francisco waterfront to be free from the public trust for commerce, navigation, and fisheries, as provided, and would authorize the San Francisco Port Commission to approve a cruise ship terminal development, other maritime facilities, and commercial and office space on a specified area of the San Francisco waterfront. The bill would authorize the State Lands Commission to convey to the City and County of San Francisco all of the rights, title, and interest held by the state in trust to specified lands along the waterfront, but would prescribe terms and conditions for the use of those lands in connection with the cruise ship terminal development, as provided.

The people of the State of California do enact as follows:

SECTION 1. For purposes of this chapter, the following terms have the following meanings:

(a) “BCDC” means the San Francisco Bay Conservation and Development Commission established pursuant to Section 66620 of the Government Code.

(b) “Bay jurisdiction” means the jurisdiction, powers, and duties of BCDC pursuant to Title 7.2 (commencing with Section 66600) of the Government Code within the area defined in subdivision (a) of Section 66610 of the Government Code.

(c) “Bay Plan” means the San Francisco Bay Plan as adopted and administered by BCDC pursuant to Title 7.2 (commencing with Section 66600) of the Government Code, including all amendments thereto.

(d) “Boundary of the Port of San Francisco” means that line defining the boundary of “Parcel A” in the description of the lands transferred in trust to the City and County of San Francisco pursuant to Chapter 1333 of the Statutes of 1968, recorded on May 14, 1976, in Book C169, pages 573 to 664, inclusive, in the City and County of San Francisco Recorder’s Office.

(e) “Brannan Street Wharf” means a major San Francisco waterfront park in the area of Piers 34 and 36, as identified in the Special Area Plan.

(f) “Burton Act” means Chapter 1333 of the Statutes of 1968, as amended.

(g) “Burton Act trust” means the statutory trust imposed by the Burton Act (Chapter 1333 of the Statutes of 1968, as amended), pursuant to which the state conveyed to the City and County of San Francisco, in trust, by transfer agreement, and subject to certain terms, conditions, and reservations, the state’s interest in certain tide and submerged lands.

(h) “City” means the City and County of San Francisco.

(i) “McAteer–Petris Act” means Title 7.2 (commencing with Section 66000) of the Government Code.

(j) “Public trust” or “trust” means the public trust for commerce, or navigation and fisheries.

(k) “Port” means the City and County of San Francisco acting by and through the San Francisco Port Commission.

(l) “San Francisco Bay” means those areas defined in Section 66610 of the Government Code.

(m) “San Francisco waterfront” means those portions of the area transferred to the port pursuant to the Burton Act that also lie within the area defined in subdivisions (a) and (b) of Section 66610 of the Government Code.

(n) “Seawall Lot 330” means that parcel of property located in San Francisco identified on that certain map entitled SUR 790, and shown on Page 318 of the City and County of San Francisco 100 Scale Ownership Maps, which is on file with the city’s Bureau of Street Use and Mapping.

(o) “Shoreline band jurisdiction” means the jurisdiction, powers, and duties of BCDC pursuant to Title 7.2 (commencing with Section 66600) of the Government Code to regulate uses within the area defined in subdivision (b) of Section 66610 of the Government Code to ensure, in part, maximum feasible public access, as prescribed in Section 66632.4 of the Government Code.



(p) “Special Area Plan” means the San Francisco Waterfront Special Area Plan, dated July 20, 2000, adopted by BCDC, as amended from time to time.

(q) “Street” means those lands located within the South Beach/China Basin Planning area of the San Francisco waterfront at Seawall Lot 330, and also lying within Parcel A of those lands transferred to the City and County of San Francisco pursuant to the Burton Act, as recorded May 14, 1969, in Book C 169 at Pages 573 to 664, inclusive, in the San Francisco Recorder’s office, as more particularly described as that portion of Main Street, located between Bryant Street and the Embarcadero, vacated per Ordinance 14-93 on January 11, 1993, on file with the San Francisco Bureau of Street Use and Mapping, in Book 10, Page 94. All streets and street lines described in the preceding sentence are in accordance with that certain map entitled SUR 790, and shown on Page 318 of the City and County of San Francisco 100 Scale Ownership Maps, on file with the City’s Bureau of Street Use and Mapping.

(r) “Waterfront Land Use Plan” means the Waterfront Land Use Plan, including the Waterfront Design and Access Element, adopted by the port pursuant to Resolution No. 97–50, as amended from time to time.

SEC. 2. The Legislature finds and declares all of the following:

(a) In 1965, the Legislature adopted the McAteer–Petris Act to protect and enhance the San Francisco Bay and its natural resources. The McAteer–Petris Act grants BCDC regulatory authority over further filling in San Francisco Bay through exercise of its bay jurisdiction, and limits that activity to (1) water-oriented uses that meet specified criteria; (2) minor fill that improves shoreline appearance or public access; and (3) activities necessary for the health, safety and welfare of the public in the entire bay area. The McAteer–Petris Act also authorizes BCDC to require the provision of maximum feasible access to the bay consistent with the project over a 100-foot shoreline band through the exercise of its shoreline band jurisdiction.

(b) In 1969, pursuant to the Burton Act, the state conveyed by transfer agreement certain state tide and submerged lands to the Port. The lands are held by the Port in trust for purposes of commerce, navigation, and fisheries, and are subject to the terms and conditions specified in the Burton Act and the public trust. During the three decades since passage of the Burton Act, issues have arisen concerning the application of the McAteer–Petris Act to the piers along the San Francisco waterfront. To address those issues, BCDC and the Port undertook two intensive and careful planning processes, which lasted over nine years.

(c) The first process culminated in 1997 with the adoption by the Port of the Waterfront Land Use Plan and with the adoption by the Board of



Supervisors of the City and County of San Francisco and the Planning Commission of the City and County of conforming amendments to the City's General Plan and Planning Code.

(d) In July 2000, after the second five-year cooperative process involving the Port, BCDC, the Save San Francisco Bay Association, and numerous interested community groups and individuals, was completed, the Port adopted further amendments to the Waterfront Land Use Plan. BCDC also adopted amendments to the Special Area Plan which is incorporated into, and made a part of, the San Francisco Bay Plan, to create consistent plans for the area of the San Francisco waterfront between Pier 35 and China Basin. At the present time, the Waterfront Land Use Plan addresses specific McAteer–Petris Act issues relating to public access and the preservation and enhancement of open water as a bay resource in this area. The plan also defines public access opportunities on each pier in this area and calls for the removal of certain additional piers to enhance water views and create additional bay surface area.

(e) A major objective of the joint effort described in subdivisions (b), (c), and (d) is to establish a new criterion in the San Francisco Bay Plan that would permit fill on the San Francisco waterfront in an area where a Special Area Plan has been adopted by BCDC for uses that are consistent with the public trust and the Burton Act trust. The Special Area Plan for the area between Pier 35 and China Basin should provide for all of following:

(1) The nature and extent of maximum feasible public access for the piers including perimeter access, a history walk on most piers, and other significant access features on piers where appropriate.

(2) Two major public plazas, the Brannan Street Wharf adjacent to Pier 30-32 and another in the vicinity of Pier 27.

(3) A public planning process to lead to the creation of a third major public plaza in the Fisherman's Wharf area.

(4) The removal of certain piers to uncover additional bay surface.

(5) The creation and funding of a special fund within the Port to finance the removal of the selected piers and the construction and maintenance of those public plazas.

(6) A historic preservation mechanism to ensure preservation of important historic resources on the piers.

(7) The ability of the Port to repair, improve, or use the piers not designated for removal between Pier 35 and China Basin for any purpose consistent with the Burton Act, the public trust and the Special Area Plan.

(f) The San Francisco waterfront, which has been the subject of this planning process, provides benefits to the entire bay area, and serves as



a unique destination for the region's public. These regionwide benefits include enjoyment of a unique, publicly owned waterfront that provides special maritime, navigational, recreational, cultural, and historical benefits that serve the bay area. Accordingly, the adoption by BCDC, and the ratification by the Legislature, of the Special Area Plan, as amended, is necessary to protect the health, safety, and welfare of the public in the entire bay area for purposes of subdivision (f) of Section 66632 of the Government Code.

SEC. 3. The Legislature also hereby finds and declares all of the following with respect to Seawall Lot 330 and the street:

(a) The lands comprising the street are tide and submerged lands that have been filled and reclaimed, and were reserved to the state solely for street purposes.

(b) The filled and reclaimed tide and submerged lands constituting the street have been filled and reclaimed for, and in connection with, a highly beneficial plan of improvement for harbor development.

(c) The street is not used, suitable, or necessary for navigation purposes and is not necessary, or used for street purposes.

(d) The street or any interests in the street that are to be sold by the city, and over which the Burton Act trust and the public trust will be terminated, constitute a relatively small portion of the granted tide and submerged lands.

(e) Section 3 of Article X of the California Constitution permits the sale to any city, county, city and county, municipal corporation, private person, partnership, or corporation of tidelands reserved to the state solely for street purposes, which tidelands the Legislature finds and declares are not used and not necessary for navigation purposes, subject to such conditions as the Legislature may impose to protect the public interest.

(f) The existence of the street limits the potential development of Seawall Lot 330. The proposed sale will be consistent with Section 3 of Article X of the California Constitution, if all of the following conditions are met:

(1) The consideration for the sale of the street, pursuant to Section 3 of Article X of the California Constitution, shall be the fair market value of those lands or interests in the lands.

(2) The street to be sold by the city and over which the public trust or the Burton Act trust, or both trusts, will be terminated has been filled and reclaimed, and the street consisting entirely of dry land lying above the present line of mean high tide is no longer needed or required for the purposes of the public trust or the Burton Act trust.

(3) The street to be sold by the city and over which the public trust or the Burton Act trust, or both trusts, will be terminated has been cut off



from direct access to the waters of San Francisco Bay by past filling of intervening property for a major roadway (the Embarcadero), which has provided, and will continue to provide, lateral public access to the water.

(4) The street was reserved to the state for street purposes and is not used or necessary for navigation purposes. Therefore, in accordance with Section 3 of Article X of the California Constitution, that street can and should be conveyed into private ownership for uses consistent with, and in furtherance of, this act.

(5) The sale of the street shall occur only in conjunction with a simultaneous exchange of the state's sovereign title in Seawall Lot 330 pursuant to Chapter 310 of the Statutes of 1987, according to the terms and conditions required by the State Lands Commission, or other disposition of the state's sovereign title in Seawall Lot 330 approved by the State Lands Commission or the Legislature.

(g) It is therefore the intent of the Legislature, subject to the terms and conditions set forth in this act to authorize the city to dispose of the street for private use free from the public trust or the Burton Act trust.

SEC. 4. The Legislature further finds and declares that the following unique circumstances exist at Pier 30-32 on the San Francisco waterfront, and that therefore, this act sets no precedent for any other location or project in the state:

(a) The Pier 30-32 platform bayward of the Embarcadero consists of an obsolete, pile-supported pier structures that are physically no longer capable of serving most trust-related purposes without substantial modification and repair.

(b) San Francisco is the center of northern California's cruise activity. The need for a new cruise ship terminal has been recognized for over 40 years, most recently in a 1998 assessment by the Port that found that cruise industry experts considered the present terminal at Pier 35 on the San Francisco waterfront to be inferior to other cruise terminals in the United States. That assessment also concluded that the existing San Francisco passenger terminal at Pier 35 cannot accommodate modern cruise ships. Without a new passenger terminal, California stands to lose a significant portion of the cruise ship business it presently enjoys, which would also adversely affect the many maritime industries dependent on a healthy cruise industry.

(c) The Port's 1998 assessment evaluated alternative locations for a new cruise ship terminal and concluded that Pier 30-32 was the most viable site for a new cruise terminal in San Francisco because of dredging, site configuration, and development considerations.

(d) The Waterfront Land Use Plan and the Special Area Plan recognize that the development of Pier 30-32 and the surrounding area within the South Beach/China Basin subarea identified in the Waterfront



Land Use Plan would further the public trust purposes of increasing maritime activities and expanding public use and enjoyment of the waterfront on trust lands at this location.

(e) The Port has solicited proposals and has chosen a developer for a mixed-use development at Pier 30-32, the primary purposes of which are to promote waterborne transportation at the port by constructing the James R. Herman International Cruise Terminal at Pier 30-32, and to further public use and enjoyment of the tidelands at this location by providing boat berths, public access, and substantial ground floor commercial public trust uses.

(f) In addition to being a destination for cruise ships, the planned improvements include berthing facilities for waterborne transit, such as water taxis and commercial excursion and recreational boats that will promote local waterborne transit and establish the proposed development at Pier 30-32 as a water-side destination for recreational boating.

(g) The Brannan Street Wharf will lie adjacent to Pier 30-32. Pursuant to the Special Area Plan implementation requirements, the approval and construction of the proposed development at Pier 30-32 requires that the construction of Phase I of the Brannan Street Wharf be completed no later than five years after the issuance of a certificate of occupancy for the major reuse of Pier 30-32, and that the entire Brannan Street Wharf be completed no later than 15 years after issuance of a certificate of occupancy for the major reuse of Pier 30-32, if grant funds or other funding are available, or 20 years if not. The Brannan Street Wharf will provide an essential recreational element to serve the public trust as provided in the Special Area Plan. Accordingly, it is desirable that the construction of the Brannan Street Wharf be accelerated.

(h) The Port is committed to the construction of the Brannan Street Wharf earlier than required under the Special Area Plan through investment of approximately fifteen million dollars (\$15,000,000) for the removal of 175,000 square feet of pile-supported fill and development of public access improvements, to be funded primarily by revenue from port operations, including the development of Pier 30-32.

(i) The proposed development of a cruise ship terminal at Pier 30-32 will require a substantial capital investment to improve the piles and decking. The Port must conserve port revenue to support those maritime uses and public improvements for which private investment is not economical. Therefore, the Port cannot directly fund all necessary capital improvements to construct new needed maritime facilities, including a new passenger terminal and associated improvements.

(j) Under applicable regulations, and due to the limited, seasonal (May through September) nature of the cruise ship operation, cruise



ships will use the cruise terminal only approximately 65 to 100 days per year.

(k) The inclusion of public access structures, a lagoon, transient boat berthing, commercial public trust uses, together with a new passenger terminal, promotes the trust objectives of furthering maritime commerce and improving public access and use on the San Francisco waterfront.

(l) The inclusion of upper level general office space at Pier 30-32 is proposed because it provides a needed incentive for private investment. To the extent the office space is not occupied by trust tenants, it is not a trust use, notwithstanding its importance as a financial inducement.

SEC. 5. The Legislature, in the exercise of its retained power as trustee of the public trust, and in view of the unique circumstances existing at Pier 30-32 on the San Francisco waterfront and the considerable statewide public benefit and promotion of maritime transportation that will be brought about by the construction of a new passenger cruise ship terminal, improvements to berthing facilities for waterborne transit, a lagoon, improved public access and commercial public trust uses on this site, hereby authorizes the Port to approve a cruise ship terminal development on the San Francisco waterfront at Pier 30-32, which would include general office use and general retail use, if all of the following conditions are met:

(a) The development includes a modern two-berth cruise ship terminal.

(b) The development includes a public access component that meets the requirements of the Special Area Plan and the San Francisco Bay Plan as interpreted by BCDC and that also offers expanded bay views and public access.

(c) Prior to submitting a major permit application to BCDC for the cruise ship terminal development, the Port, after review by or on behalf of BCDC, approves the final design concept for the Brannan Street Wharf.

(d) Prior to the issuance of a BCDC permit for the cruise ship terminal development, the Port demonstrates, to the satisfaction of BCDC and the Attorney General's office, that it has irrevocably encumbered all of the funds deemed necessary for the completion of the Brannan Street Wharf and has placed the funds in a segregated account guaranteed to be available to be drawn upon for the construction of the Brannan Street Wharf, and the Port and BCDC enter into an enforceable agreement that provides for the Port to fund, directly or through grant funding, or both, design, and construct the Brannan Street Wharf consistent with the following timetable:

(1) The Port shall complete preliminary engineering drawings for the Brannan Street Wharf and prepare and submit to BCDC a financing plan



approved by the Port indicating funding sources and estimated construction costs at the time the construction of the cruise ship terminal development commences.

(2) The Port shall complete Phase 1, the northern portion of the Brannan Street Wharf (in the area of Pier 34), as described in the Special Area Plan contemporaneously with the construction of the cruise terminal development.

(3) The Port shall remove Pier 36 and complete the Brannan Street Wharf no later than five years after commencement of construction of the cruise ship terminal development.

(e) The amount of office space in the development does not exceed 300,000 leasable square feet, all of which shall be above the ground level. This office space shall also be designed to contribute to a development design that includes public spaces and promotes visual and public access. An additional 25,000 leasable square feet of space in the cruise ship terminal building may be used for general office use until the earlier of either of the following:

(1) Fourteen years from the first date of occupancy.

(2) When home berthing ships above 5,000 passenger berth capacity call for 15 days per year for two consecutive years.

(f) The development includes a marketing program designed to maximize the amount of general office space occupied by trust-related tenants over the life of the development.

(g) The cruise ship terminal as approved by BCDC complies with the requirements set forth in this subdivision. For purposes of this subdivision only, “trust retail” means visitor serving public trust retail and restaurant use. “Nontrust retail” means other retail, indoor public assembly, and theatre uses. The amount of trust retail leasable space shall be equal to or greater than the nontrust retail leasable space. The amount of trust and retail leasable space, nontrust retail leasable space, and visitor serving trust use converted from trust or nontrust retail approved by BCDC, as approved by BCDC, shall be at least 40 percent of the total amount of office leasable space.

SEC. 6. The Legislature finds and declares that the 2000 amendments of the San Francisco Bay Plan and the Special Area Plan by BCDC are authorized under subdivision (f) of Section 66632 of the Government Code as necessary to protect the health, safety, and welfare of the public in the entire Bay Area, and BCDC’s actions with respect to those amendments are hereby ratified and confirmed.

SEC. 7. Notwithstanding the Special Area Plan and the Bay Plan requirement for findings of consistency with the public trust doctrine and the Burton Act, BCDC is authorized to approve the cruise ship terminal development trust as provided in this act. Except as provided



in Section 14 of this act, nothing in this act is intended to limit the discretion of BCDC to approve or deny permits for the projects described in this act in a manner consistent with the McAteer-Petris Act, the Bay Plan, the Special Area Plan, and this act, or to limit the discretion of BCDC to enforce permits issued for the projects described in this act.

SEC. 8. (a) For the purpose of effectuating the sale of the street, including the conveyance of the street by the city, free of the public trust and the Burton Act trust, the State Lands Commission may convey to the city by patent all of the rights, title, and interest held by the state by virtue of its sovereign trust title to the street, including any public trust interest or Burton Act reservation or trust interest, not heretofore conveyed, subject to any reservations the State Lands Commission determines appropriate.

(b) In any case where the state, pursuant to this act, conveys filled tidelands and submerged lands transferred to the city pursuant to the Burton Act, the state shall reserve all minerals and all mineral rights in the lands of every kind and character now known to exist or hereafter discovered, including, but not limited to, oil and gas and rights thereto, together with the sole, exclusive, and perpetual right to explore for, remove, and dispose of those minerals by any means or methods suitable to the state or to its successors and assignees, except that, notwithstanding the Burton Act, or Section 6401 of the Public Resources Code, any such reservation shall not include the right of the state or its successors or assignees in connection with any mineral exploration, removal, or disposal activity, to do either of the following:

(1) Enter upon, use, or damage the surface of the lands or interfere with the use of the surface by any grantee or by the grantee's successors or assignees.

(2) Conduct any mining activities of any nature whatsoever above a plane located 500 feet below the surface of the lands without the prior written permission of any grantee of the lands or the grantee's successors or assignees.

SEC. 9. The city may, pursuant to Section 3 of Article X of the California Constitution, sell the street to any private person, partnership, or corporation, with the approval of the State Lands Commission, if the city first finds that the sale is consistent with the legislative findings and declarations set forth in Section 3. That sale shall not be effective unless and until the State Lands Commission, at a regular open meeting with the proposed sale of the street as a properly scheduled agenda item, does or has done, all of the following:

(a) Finds, or has found, that the consideration for the sale of the street pursuant to Section 3 of Article X of the California Constitution shall be the fair market value of the street.



(b) Adopts, or has adopted, a resolution approving the sale that finds and declares that the street has been filled and reclaimed, is cut off from access to the waters of San Francisco Bay, and is no longer needed or required for the promotion of the public trust or the Burton Act trust, and that no substantial interference with the public trust or Burton Act trust uses and purposes will ensue by virtue of the sale. The resolution shall also declare that the sale is consistent with the findings and declarations in Section 3, and the sale is in the best interests of the state and city. Upon adoption of the resolution, or at a time that is specified in the resolution, the street shall thereupon be free from the public trust and the Burton Act trust.

(c) Finds, or has found, that the sale of the street shall occur only in conjunction with a simultaneous exchange of the state's sovereign title in Seawall Lot 330 pursuant to Chapter 310 of the Statutes of 1987, according to the terms and conditions required by the State Lands Commission, or other disposition of the state's sovereign title in Seawall Lot 330 approved by the State Lands Commission or the Legislature, and that the proceeds for that sale will be devoted to trust-related capital improvements by the Port.

SEC. 10. Sales made by the city pursuant to this act are hereby determined to be of statewide significance and importance and, therefore, any ordinance, charter provision, or other provision of local law inconsistent with this act is not applicable to those sales.

SEC. 11. Any agreement for the sale of, and trust termination over, the street pursuant to this act shall be conclusively presumed to be valid, unless held to be invalid in an appropriate proceeding in a court of competent jurisdiction to determine the validity of the agreement. Any such proceeding shall be commenced within 60 days after the recording of the agreement.

SEC. 12. The State Lands Commission and the city may modify any description and plat prepared and recorded pursuant to the Burton Act, as amended, and Section 11 of that certain agreement relating to the transfer of the Port of San Francisco from the state to the city and dated January 24, 1969, and to record the modified description and plat in the office of the recorder of the city.

SEC. 13. An action may be brought under Chapter 4 (commencing with Section 760.010) of Title 10 of Part 2 of the Code of Civil Procedure by the parties to any agreement regarding a street sale or exchange of land entered into pursuant to this act or pursuant to Chapter 310 of the Statutes of 1987 to confirm the validity of the agreement. Notwithstanding Section 764.080 of the Code of Civil Procedure, the statement of decision in the action shall include a recitation of the underlying facts and a determination whether the agreement meets the



requirements of this act, Chapter 310 of the Statutes of 1987, Sections 3 and 4 of Article X of the California Constitution, and any other law applicable to the validity of the agreement.

SEC. 14. The authorization contained in Section 5, and any lease, permit, development approval, or other entitlement for use, including any BCDC permit, for the cruise ship terminal development that is dependent upon that authorization is not affected by the failure of the Port to perform any obligation under the BCDC agreement referred to in subdivision (d) of Section 5, and that authorization and the lease, permit, development approval, or other entitlement for use shall remain in full force and effect. BCDC may enforce the agreement referred to in subdivision (d) of Section 5 by specific performance or by any other enforcement remedy in the McAteer–Petris Act, except for revocation of any BCDC permit issued for the cruise terminal development.

